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The Role of Government Support as a Moderating Variable in the Influence of Entrepreneurial Orientation and Innovative Capabilities on the Export Performance of MSMEs in Malang Regency

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ABSTRACT: *This study analyzes the effect of Entrepreneurial Orientation and Innovative Capabilities on the Export Performance of MSMEs in Malang Regency with Government Support as a moderating variable. The research method uses a quantitative approach with a non-experimental causal design. The research sample involved 230 processed food MSME actors who are members of the Malang Regency Small and Medium Industry Business Actor Communication Forum (FKPU IKM). Data were collected through an online questionnaire using a Likert scale and analyzed using Partial Least Square-Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software. The results showed that Entrepreneurial Orientation had a significant positive effect on the Export Performance of MSMEs. Conversely, Innovative Capabilities had no significant effect. Furthermore, government support was not found to moderate the influence of entrepreneurial orientation or innovative capabilities on SME export performance. These findings indicate that entrepreneurial orientation is the main factor in driving SME export performance, while innovative capabilities and government support have not been able to exert a significant influence.*

KEYWORDS - *Entrepreneurial Orientation, Innovative Capabilities, Government Support, Export Performance, MSMEs*

I. INTRODUCTION

International trade has experienced rapid growth in line with increasing globalization and digitalization, which have encouraged more intensive economic integration between countries [1]. For developing countries such as Indonesia, the export sector remains one of the key pillars in maintaining economic stability, expanding markets, and enhancing the competitiveness of domestic products [2]. Export activities play a major role in supporting economic growth, as they are one of the main drivers of Gross Domestic Product (GDP) [3]. However, Indonesia's export performance still faces a number of structural challenges, including dependence on primary commodities with low added value, relatively high distribution costs, limited access to global market information, and gaps in product quality and standards that often become barriers to penetrating international markets [4]–[6].

Data from the Central Statistics Agency (2025) shows that non-oil and gas exports dominated with a value of USD 152.20 billion or 95.03% of Indonesia's total exports in the January-July 2025 period. At the regional level, East Java recorded increased export performance with an export value of USD 16.99 billion in the January-July 2025 period, a growth of 16.69% compared to the same period the previous year [7]. Although the non-oil and gas sector shows a positive growth trend, the dominance of primary commodities based on natural resources with low added value still poses a vulnerability to national export stability.

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in supporting national exports. In 2025, MSMEs in Indonesia are projected to number 65.5 million units and become the mainstay of the domestic economy, as seen from their 61.9% contribution to GDP and 97% absorption of the national workforce [8]. However, according to the Coordinating Ministry for Economic Affairs, MSMEs only contribute around 15.7% to total exports. This gap between their domestic role and export contribution shows that the potential of MSMEs in international trade has not been fully optimized.

One MSME sector with great export potential is processed food MSMEs. According to Aini et al. (2025), processed food products in Indonesia are unique in terms of taste and raw materials, and are supported by the existence of Indonesian communities abroad, which opens up great opportunities for traditional Indonesian food products. Malang Regency, as one of the regions with a high number of processed food MSMEs, has great opportunities to enter the export market due to its diverse range of products. According to Jatmiko et al. (2025), in 2024, there were 431,336 MSMEs in Malang Regency. However, many MSME players

still face various obstacles, such as limited market access, capital, innovative capability development, and difficult export regulations [9].

According to Rasbin (2019) in Aini et al. (2025), the main obstacles in developing MSME product exports are divided into two categories, namely internal and external. Internal obstacles are related to resource capacity, market insight, and management quality, while external obstacles are related to government regulations, international market dynamics, and the level of global competition. In facing export challenges, there are two highly influential internal factors, namely entrepreneurial orientation and innovative capabilities [9], [10]. Entrepreneurial orientation reflects the extent to which MSME players have the courage to take risks, are proactive, and have the ability to innovate in developing their businesses [9]. Meanwhile, innovative capabilities relate to the extent to which MSME players are able to create, develop, and apply new ideas or technologies in products, processes, and marketing strategies so as to increase competitiveness and added value of products in the international market [10].

However, the success of MSMEs in improving export performance is not only determined by internal factors. In practice, many previous studies have shown that the success of MSME exports is also largely determined by external factors, such as government support [4], [9]. Government support is a form of positive intervention by the state to help MSMEs develop their export capacity and adapt to the global market [11], [12]. Government support can take the form of training facilitation, access to financing, export regulation assistance, business matching, trade promotion through international exhibitions, and the provision of digital infrastructure. With government support as a moderator, the influence of entrepreneurial orientation and innovative capabilities on MSME export performance is expected to be even stronger.

Several previous studies have shown mixed results regarding the influence of entrepreneurial orientation on the export performance of MSMEs. Jatmiko et al. (2025) found that entrepreneurial orientation has a significant effect on export performance, with government regulation strengthening this relationship [9]. Bayati & Piri (2024) showed that entrepreneurial orientation has a positive effect on export performance [13]. Meanwhile, Nuryakin (2024) proved that entrepreneurial orientation does not directly affect the export performance of MSMEs [14]. Research on the influence of innovative capabilities also plays a role in driving the export performance of MSMEs. Syarafina & Fitrianingrum (2025) and Mitariani et al. (2023) showed that innovation capability has a significant positive effect on export performance [10], [15]. Meanwhile, Moreira et al. (2022) found that innovation capability has a positive effect on export performance, but government institutional support does not always moderate this relationship significantly [16]. Meanwhile, Murthy et al. (2023) show that innovation capability does not have a significant direct effect on export performance [17].

In addition to internal factors, government support has proven to be important in improving the export performance of MSMEs. Kaukab (2022) emphasizes that government support positively and significantly moderates the influence of entrepreneurial orientation on the international performance of SMEs. Research related to food SMEs in Malang by Taneo et al. (2023) shows that government policy can strengthen the influence of innovation capability on product innovation, but weaken process innovation on the competitiveness of food SMEs [18]. Meanwhile, Moeljadi et al. (2015) prove that the government's role does not always strengthen entrepreneurial orientation towards business performance [19].

Based on the problems and inconsistencies in previous studies, this study aims to analyze the influence of entrepreneurial orientation and innovative capabilities on the export performance of processed food MSMEs in Malang Regency. Additionally, this study also aims to examine the role of government support as a moderating variable in the relationship between entrepreneurial orientation, innovative capabilities, and the export performance of MSMEs. The contribution of this study covers theoretical and practical aspects. Theoretically, this study enriches the literature by providing empirical evidence on the role of entrepreneurial orientation and innovative capabilities in the context of MSME exports in developing regions, as well as re-examining the effectiveness of government support in the moderation model. Practically, the results of this study are expected to provide strategic input for MSME actors in improving their entrepreneurial orientation and innovative capabilities, as well as providing recommendations for local governments in designing more targeted policies and assistance programs to improve the export performance of MSMEs in Malang Regency.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are labor-intensive businesses that are generally owned by individuals, but can also be owned by entities or several parties through cooperation [20]. MSMEs are independent productive economic enterprises run by individuals or business entities, and are not subsidiaries that aim to earn additional profits [21]. The official definition of MSMEs in Indonesia is regulated in Law Number 20 of 2008, which classifies MSMEs based on business scale, ownership, and annual turnover.

MSMEs play an important role in the economy, both at the local and national levels [20]. First, MSMEs serve as a means of economic equality, as they are spread across various regions, including remote

areas, so that people can earn a decent living. Second, MSMEs help alleviate poverty by providing employment opportunities for local communities. Third, MSMEs contribute to the country's foreign exchange earnings, as their products and services can be marketed internationally [20], [22].

Processed food MSMEs in Malang Regency are one of the rapidly growing business sectors, covering various types of products, ranging from traditional cakes, assorted flavored sticks, kembang goyang, banana chips, apple chips, cheese macaroni, to processed drinks [23]. Most processed food businesses in Malang Regency are independently managed by individuals or families, with a generally small to medium scale of operation.

2.2 Knowledge-Based Theory of the Firm (KBT)

The theory used as the main basis in this study is the Knowledge-Based Theory of the Firm (KBT). This theory is considered most relevant because it explains how organizational knowledge and capabilities become strategic resources that influence entrepreneurial orientation and innovative capabilities on the export performance of MSMEs with government support as a moderator. KBT, proposed by Grant (1996), is an extension of the Resource-Based View, which states that knowledge is the primary and strategic resource for a company's competitive advantage [24], [25].

KBT is related to entrepreneurial orientation, which explains that the use of knowledge is the foundation for the emergence of entrepreneurial behavior in organizations [25]. Hughes et al. (2022) show that companies that have good knowledge accumulation, management, and distribution processes will be better able to develop entrepreneurial orientation. Innovative capabilities play a major role in transforming knowledge into tangible results. The organizational learning process and absorptive capacity enable companies to transform knowledge into product and process innovations that are relevant to global market needs [24], [25].

In addition, government support is an external factor that strengthens the application of knowledge-based theory in the context of MSMEs. This support, whether in the form of regulations, training, or facilitation of access to information, accelerates the process of knowledge accumulation and dissemination among business actors. This is in line with Teece's (2018) view in Cohendet et al. (2025) that a supportive institutional environment can expand organizational boundaries and create a more open learning ecosystem.

2.3 Export Performance

Export performance is one of the important benchmarks in assessing a country's economic performance [26]. Traded commodities play an important role in contributing to Gross Domestic Product (GDP) [27]. According to Morgan & Katsikeas (1998) in Fitrianingrum (2020), export performance is clear evidence of how companies are able to manage innovation, improve performance, develop managerial skills, and optimize resource capacity. Export performance also shows the extent to which a country or company has succeeded or failed in selling its products to international markets [28].

Jatmiko et al. (2025) and Moreira et al. (2022) measure export performance based on two main groups of indicators, namely financial measurement and non-financial measurement. Financial measurement describes a company's performance in terms of financial results, which include sales volume, profitability, market share, return on investment (ROI and ROE), and asset turnover. Meanwhile, non-financial measurements focus on non-financial aspects that affect the company's sustainability and competitiveness in the long term, including increased competitiveness, new customer growth, product quality, customer satisfaction, operational process efficiency, and alignment with the company's strategic objectives.

2.4 Entrepreneurial Orientation

Entrepreneurial orientation is an important indicator in the emergence of new entrepreneurs [29]. According to Lumpkin & Dess (1996) in Dewantoro (2020), entrepreneurial orientation is an organization's ability to observe, uncover, and take advantage of opportunities that arise in the business environment. Entrepreneurial orientation is also defined as a strategic approach taken by organizations in running their businesses by emphasizing mindsets, values, and behaviors that encourage innovation, proactivity, and risk-taking to achieve entrepreneurial goals [9], [14].

The dimension of entrepreneurial orientation was first introduced by Miller (1983), who focused on the characteristics of companies that excel in market innovation of products, are proactive in facing and anticipating competition, and have the courage to take risks in running their businesses [9], [30], [31]. These dimensions include: (1) Innovative, which is the drive to support an experimental creative process in creating and introducing new products or services; (2) Proactive, which relates to how companies establish relationships with market opportunities through proactive actions; and (3) Risk-Taking Attitude, which indicates the company's ability to make important decisions, such as entering unfamiliar markets.

2.5 Innovative Capabilities

Guan & Ma (2003) in Murthy et al. (2023) describe innovative capabilities as corporate resources derived from internal experience and knowledge acquired from the company. Meanwhile, according to Lawson & Samson (2001) in Nuryakin (2024), innovative capabilities are defined as a company's ability to integrate and

apply its knowledge to create innovations in products, services, or work processes that support improved innovative performance.

Innovative capabilities in companies are generally classified into several main dimensions. Paovangsa et al. (2025) and Calik et al. (2017) distinguish innovation capabilities into four dimensions, namely product innovation, process innovation, marketing innovation, and organizational innovation. [32], [33] Meanwhile, Prakasa et al. (2022) highlight that the two dimensions of innovation that are most influential economically and socially are product innovation and process innovation [34]. Innovative capabilities can also be viewed through technology innovation capability and design capability [33], [34]. Technology innovation capability focuses on the introduction of new products or services and improvements to existing products, while design capability relates to the application of new or improved production or service methods.

2.6 Government Support

Jatmiko et al. (2025) define government as an entity that has the authority to regulate, manage, and ensure the running of a country or society. Government support is a form of positive intervention from the state to help MSMEs develop their export capacity and adapt to the global market [11], [12]. This support is a manifestation of the state's role in providing an environment that enables MSMEs to grow through favorable policies, adaptive regulations, and the provision of facilities that support business activities.

According to Indra Cahyadi (2015) in Kaukab (2022), government support for the internationalization process of MSMEs in Indonesia covers various aspects designed to strengthen the competitiveness of business actors in the global market, including government efforts to expand export market access through international trade negotiations and agreements, the provision of supporting institutions, the provision of financial assistance in export financing, payment guarantees and export insurance, various incentives such as tax breaks and grants for brand strengthening, and the organization of training and capacity building for MSME players [11].

2.7 Hypothesis Development

2.7.1 The Influence of Entrepreneurial Orientation on MSME Export Performance

Entrepreneurial orientation improves the export performance of MSMEs because it encourages innovative, proactive behavior and risk-taking attitudes. Entrepreneurial orientation enables business actors to identify new export opportunities, develop products that meet international market needs, and make decisions quickly [9]. Research by Jatmiko et al. (2025) shows that entrepreneurial orientation has a significant effect on the export performance of MSMEs in Malang Regency. These findings are in line with the results of a study by Bayati & Piri (2024), which also confirms that entrepreneurial orientation has a positive impact on export performance through increased creativity and adaptability to global demand. Based on this explanation, the following hypothesis is formulated:

H1: Entrepreneurial Orientation has a significant effect on the Export Performance of MSMEs.

2.7.2 The Influence of Innovative Capabilities on MSME Export Performance

Innovation capability acts as the main driver of MSME export performance because it enables product renewal and entry into new markets through the expansion of international networks [14]. Nuryakin's (2024) research shows that innovation capability has a positive effect on export performance. This is in line with the findings of Syarafina & Fitrianingrum (2025), who state that innovation capability has a significant positive effect on export performance. High innovation capability helps companies strengthen their competitive position in the global market through the development of new products that are relevant to consumer needs and production process efficiency [10]. Mitariani et al. (2023) found that innovation capability has a significant positive effect on the export performance of MSMEs in Bali during the COVID-19 pandemic. Innovation enables companies to generate aesthetic and utilitarian added value in products that increase their attractiveness in the international market [15]. In addition, Moreira et al. (2022) reinforce these findings by showing that innovation capabilities are a key factor in improving export performance in MSMEs in developing countries. Based on this explanation, the following hypothesis is formulated:

H2: Innovative Capabilities has a significant effect on the Export Performance of MSMEs

2.7.3 The Moderating Role of Government Support on the Relationship between Entrepreneurial Orientation and MSME Export Performance

Government support can strengthen the influence of entrepreneurial orientation on the export performance of MSMEs by providing access to financing, training, and promotional support for MSMEs. The government acts as a facilitator that provides infrastructure and policies conducive to business actors to innovate and expand their market reach [9]. According to Akbar & Adi (2022), the existence of government policies and regulations plays an important role in shaping a business environment that supports MSME growth [35]. Kaukab (2022) emphasizes that stimulatory government support, such as export programs, fiscal incentives, and business assistance, can strengthen the positive impact of international entrepreneurship orientation on MSEs' international performance. Research by Jatmiko et al. (2025) also shows that government regulation strengthens the relationship between entrepreneurial orientation and export performance through the provision of access to

information, improved managerial capabilities, and export infrastructure support. Based on this explanation, the following hypothesis is formulated:

H3: Government Support moderates the influence of Entrepreneurial Orientation on the Export Performance of MSMEs.

2.7.4 The Moderating Role of Government Support on the Relationship between Innovative Capabilities and MSME Export Performance

Government support can strengthen the influence of innovative capabilities on MSME export performance through the provision of institutional support, policies, and export promotion programs that encourage the maximum utilization of MSME innovation. Research by Taneo et al. (2023) shows that government policy plays a significant role as a moderating variable that strengthens the relationship between product innovation and the competitiveness of food MSMEs. Such support includes training, access to credit, and marketing facilitation that help MSMEs implement innovation effectively [18]. However, Taneo et al. (2023) also found that government policy does not always have a positive impact on all forms of innovation. In the context of process innovation, government policy actually weakens the relationship between process innovation and the competitiveness of food SMEs. Similar findings were also shown by Moreira et al. (2022), who studied MSMEs in Mozambique, where the moderating role of government institutional support was not significant and even showed a negative direction. Based on this explanation, the following hypothesis is formulated:

H4: Government Support moderates the influence of Innovative Capabilities on the Export Performance of MSMEs.

III. RESEARCH METHODS

This study uses a quantitative approach with a non-experimental causal design, specifically correlational research. Quantitative methods are used to test theories by analyzing the relationship between variables using numerical data and statistical analysis. The non-experimental causal design aims to examine the effect of independent variables on dependent variables without direct manipulation, analyzing cause-and-effect relationships based on observational data from existing MSME conditions.

This study consists of four variables: entrepreneurial orientation and innovative capabilities as independent variables, MSME export performance as a dependent variable, and government support as a moderating variable. The research population consists of processed food MSMEs in Malang Regency that are members of the Small and Medium Industry Business Communication Forum (FKPU IKM). The population in this study is unknown (infinite population). The sampling technique used non-probability sampling, specifically purposive sampling, with respondents selected based on the following criteria: MSMEs under the guidance of the Malang Regency Industry and Trade Office, engaged in the processed food sector, directly managed by owners or managers involved in operations and export activities, and still actively producing and marketing products. Following the guidelines of Hair et al. (2022) for determining the minimum sample size for PLS-SEM, assuming a minimum path coefficient (Pmin) of 0.11-0.20 and a significance level of 5%, the recommended minimum sample size is 155 respondents. This study collected data from 230 respondents.

Data collection was conducted through an online questionnaire distributed via Google Forms. The questionnaire used a Likert scale with five response categories ranging from “Strongly Disagree” (1) to “Strongly Agree” (5). Respondents who were key business actors with direct responsibility for business management were selected to ensure a deep understanding of their business situations and activities. Data analysis was performed using Partial Least Square-Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software. PLS-SEM was chosen for its flexibility in handling complex models with moderating relationships, its ability to work with various sample sizes, and its lack of requirements for normal data distribution assumptions.

IV. RESULTS

4.1 Outer Model

The outer model explains how latent variables are related to each indicator that measures them [36].

4.1.1 Convergent Validity

4.1.1.1 Outer Loading

Table 1. Outer Loading Output Results

	Entrepreneurial Orientation	Innovative Capabilities	Government Support	Export Performance MSMEs	Results
EOI1	0.858				Valid
EOI2	0.868				Valid
EOI3	0.841				Valid

	Entrepreneurial Orientation	Innovative Capabilities	Government Support	Export Performance MSMEs	Results
EOI4	0.835				Valid
EOP1	0.843				Valid
EOP2	0.724				Valid
EOP3	0.792				Valid
EOP4	0.599				Valid
EOS1	0.634				Valid
EOS2	0.805				Valid
EOS3	0.829				Valid
EOS4	0.651				Valid
ICD1		0.905			Valid
ICD2		0.890			Valid
ICD3		0.883			Valid
ICD4		0.876			Valid
ICT1		0.780			Valid
ICT2		0.750			Valid
Gov1			0.933		Valid
Gov2			0.938		Valid
Gov3			0.954		Valid
Gov4			0.931		Valid
Gov5			0.952		Valid
Gov6			0.919		Valid
Gov7			0.910		Valid
EP1				0.958	Valid
EP2				0.936	Valid
EP3				0.962	Valid
EP4				0.951	Valid
EP5				0.946	Valid

Based on the results of data processing in SmartPLS, all indicators in the constructs of entrepreneurial orientation, innovative capabilities, government support, and MSME export performance show outer loading values ranging from 0.599 to 0.962. Most indicators have values ≥ 0.70, which means they meet the convergent validity criteria and are considered reliable. Several indicators, such as EOP4 (0.599), EOS1 (0.634), and EOS4 (0.651), have values above 0.50 but slightly below 0.70. Referring to the provision that factor loading values of 0.50-0.60 are still acceptable in studies with certain measurement characteristics, these indicators are still declared valid and feasible to retain. Overall, all indicators in this study are declared valid because they have met the minimum outer loading limit and support the formation of convergent validity in each construct.

4.1.1.2 Average Variance Extracted (AVE)

Table 2. Average Variance Extracted (AVE) Output Results

Variable	*Average Variance Extracted* (AVE)	Results
Entrepreneurial Orientation	0.606	Valid
Innovative Capabilities	0.721	Valid
Government Support	0.873	Valid
Export Performance MSMEs	0.904	Valid

Based on the AVE calculation results in SmartPLS, the test results show that all variables have AVE values > 0.50. Thus, all constructs in the model have met the convergent validity criteria based on AVE values, as each is able to explain more than 50% of the variance of its indicators well. The AVE PLS-SEM model can be seen in Fig. 1 below.

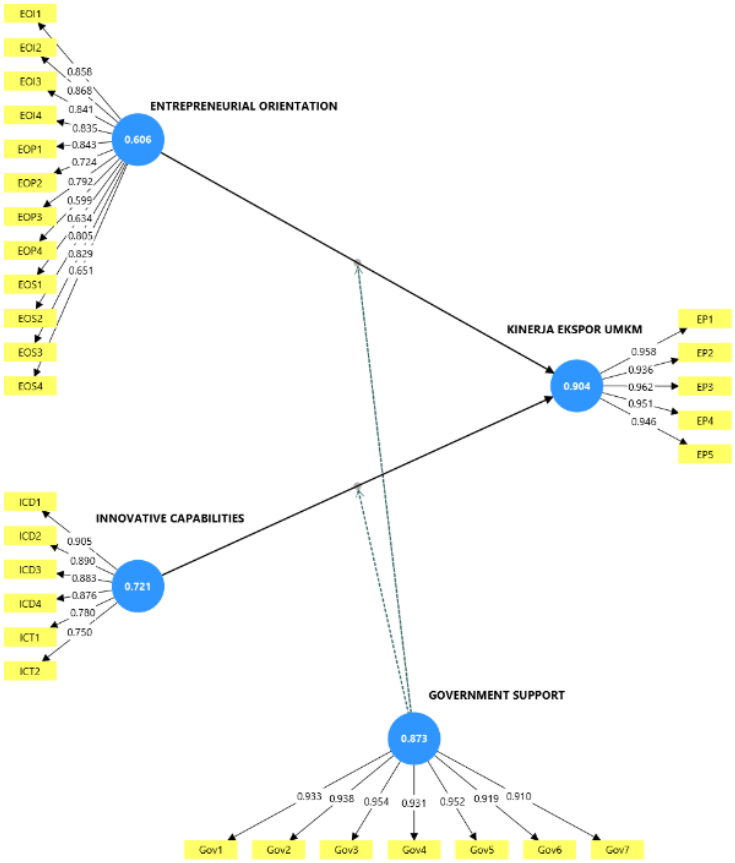

Fig 1. Average Variance Extracted (AVE) PLS-SEM Model

4.1.2 Discriminant Validity

Table 3. Heterotrait-Monotrait Ratio (HTMT) Output Results

Variable	Entrepreneurial Orientation	Innovative Capabilities	Government Support	Export Performance MSMEs	Results
Innovative Capabilities	0.800				Valid
Government Support	0.665	0.569			Valid
Export Performance MSMEs	0.592	0.523	0.511		Valid

Based on the HTMT output from SmartPLS, all HTMT values between the main constructs are below the critical limit, which is <0.90 for conceptually similar constructs and <0.85 for conceptually different constructs. This indicates that each construct in the model more strongly reflects its own indicators than other constructs. Thus, discriminant validity is fulfilled for all constructs, namely entrepreneurial orientation, innovative capabilities, government support, and MSME export performance.

4.1.3 Reliability

Table 4. Cronbach's Alpha and Composite Reliability (CR) Output Results

Variable	Cronbach's Alpha	Composite Reliability (rho_c)	Results
Entrepreneurial Orientation	0.940	0.948	Reliable
Innovative Capabilities	0.923	0.939	Reliable
Government Support	0.976	0.980	Reliable
Export Performance MSMEs	0.973	0.979	Reliable

Based on the reliability analysis results in SmartPLS, all constructs showed Cronbach's alpha and Composite Reliability (CR) > 0.70, so that the consistency of the indicators in measuring each construct can be categorized as satisfactory. Thus, all constructs are declared reliable.

4.2 Inner Model

4.2.1 R-Square

Table 5. R-Square Output Results

Variable	R-Square
Export Performance MSMEs	0.395

Based on the R^2 estimation results in SmartPLS, the R^2 value for MSME export performance is 0.395 or 39.5%, which is classified as moderate, as it is between 0.25 and 0.50. This means that the independent construct in the model explains 39.5% of the variation in MSME export performance. The remaining 60.5% is explained by other variables not included in this research model.

4.3 Hypothesis Testing

Table 6. Hypothesis Testing Results

	Original sample (O)	T statistics (|O/STDEV|)	P values	Results
Entrepreneurial Orientation → Export Performance MSMEs	0.375	3.907	0.000	Accepted
Innovative Capabilities → Export Performance MSMEs	0.125	1.586	0.113	Rejected
Government Support x Entrepreneurial Orientation → Export Performance MSMEs	0.190	1.335	0.182	Rejected
Government Support x Innovative Capabilities → Export Performance MSMEs	-0.144	1.390	0.165	Rejected

Based on the results of hypothesis testing in SmartPLS, entrepreneurial orientation ($\beta = 0.375$, $t = 3.907$, $p < 0.01$) has a positive effect on the export performance of MSMEs, because the t-statistic exceeds 1.96 at a significance level of 5%. Meanwhile, the moderation paths (government support × entrepreneurial orientation and government support × innovative capabilities) and innovative capabilities ($\beta = 0.125$, $t = 1.586$) are not significant because the t-statistics are below 1.96.

V. DISCUSSION

5.1 The Influence of Entrepreneurial Orientation on MSME Export Performance

Based on the results of the first hypothesis testing, it was found that entrepreneurial orientation has a significant positive effect on the export performance of MSMEs with a path coefficient value of 0.375, t-statistic of 3.907, and p-value of 0.000 ($p < 0.05$). This finding confirms that the higher the level of entrepreneurial orientation of MSME players, the better the export performance that can be achieved.

The results of this study are in line with the theories of Covin & Slevin (1989) and Wiklund & Shepherd (2005), which state that entrepreneurial orientation is reflected through innovative, proactive, and risk-taking behaviors that play an important role in increasing business competitiveness. Entrepreneurial orientation enables MSME players to capture international market opportunities, adapt to changes in global demand, and develop products that suit the needs of foreign consumers. These findings are supported by the research results of Jatmiko et al. (2025), which state that entrepreneurial orientation has a significant effect on the export performance of MSMEs in Malang Regency, where MSMEs that are more innovative and proactive tend to have better capabilities in improving product quality, penetrating markets, and expanding international distribution networks. Similar results were also found by Bayati & Piri (2024), who confirmed that entrepreneurial orientation has a positive impact on export performance through increased creativity and adaptability in meeting global standards.

Thus, it can be concluded that entrepreneurial orientation plays a key role in driving the improvement of MSME export performance, both in terms of increasing innovation capacity, ability to seize opportunities, strategic decision-making, and the courage to enter international markets. These findings indicate that strengthening entrepreneurial orientation is essential to enhance the competitiveness of MSMEs in export activities.

5.2 The Influence of Innovative Capabilities on MSME Export Performance

Based on the results of the second hypothesis testing, a path coefficient value of 0.125 was obtained with a t-statistic of 1.586 and a p-value of 0.113 ($p > 0.05$). This indicates that innovative capabilities do not have a significant effect on the export performance of MSMEs in Malang Regency. Thus, improving the innovative capabilities of MSMEs has not been able to significantly improve export performance in the context of this study.

These findings are inconsistent with most previous studies, which indicate that innovation capability plays an important role in driving export performance growth. Research by Nuryakin (2024), Syarafina & Fitrianingrum (2025), Mitariani et al. (2023), and Moreira et al. (2022) confirms that innovation capability can improve export performance through product renewal, new market penetration, and increased product attractiveness in international markets. However, the results of this study are in line with the findings of Murthy et al. (2023), which state that innovation capability does not have a significant effect on export performance when the innovation capabilities of MSMEs are not optimally applied in export activities.

This is in line with the condition of MSMEs in Malang Regency, where innovation generally still focuses on small scale, such as flavor variations, simple designs, or minor adjustments to packaging that are not yet sufficient to substantially increase export competitiveness. Furthermore, the innovations implemented have not been directed toward international standards such as certification, consistent product quality, or global value-based differentiation, thus failing to sufficiently impact increases in export volume, frequency, or market reach. These findings highlight the need for enhanced support in the form of innovation mentoring, product development based on global standards, and access to international market knowledge to ensure that innovation potential can optimally contribute to boosting SME exports.

5.3 The Moderating Role of Government Support on the Relationship between Entrepreneurial Orientation and MSME Export Performance

Based on the results of testing the third hypothesis, an interaction coefficient value of 0.190 was obtained with a t-statistic of 1.335 and a p-value of 0.182 ($p > 0.05$). Although the interaction coefficient shows a positive direction, the p-value greater than the significance level indicates that government support does not significantly moderate the effect of entrepreneurial orientation on the export performance of MSMEs. This finding indicates that government support has not been able to strengthen the effectiveness of entrepreneurial orientation in encouraging an increase in the export performance of MSMEs.

The results of this study are not in line with various previous studies that show the important role of government support in strengthening the influence of entrepreneurial orientation on the export performance of MSMEs. Akbar & Adi (2022) show that government regulations function as a pure moderator that strengthens the relationship between entrepreneurial orientation and MSME performance. Kaukab (2022) also shows that government support through export programs, fiscal incentives, and business assistance can strengthen the impact of international entrepreneurship orientation on MSEs' international performance. Jatmiko et al. (2025) emphasize that government regulations in the form of access to export information, improved managerial capabilities, and the provision of export infrastructure can strengthen the relationship between entrepreneurial orientation and export performance.

However, the results of this study are in line with the findings of Moeljadi et al. (2015), which state that the government role does not always act as an effective moderator. The ineffectiveness of this moderation is due to the lack of tangible support in the form of funding, training, and marketing facilitation, so that government policies have not been able to improve the relationship between entrepreneurial orientation and MSME performance. The results of this study indicate that although government support has a positive relationship, the existing support is not yet strong, structured, or relevant enough to strengthen the role of entrepreneurial orientation in improving the export performance of MSMEs in Malang Regency. These findings confirm that without more targeted, consistent, and responsive government support for the needs of MSME actors, strengthening entrepreneurial orientation will not be able to have a maximum impact on improving export performance.

5.4 The Moderating Role of Government Support on the Relationship between Innovative Capabilities and MSME Export Performance

Based on the results of the fourth hypothesis testing, an interaction coefficient value of -0.144 was obtained with a t-statistic of 1.390 and a p-value of 0.165 ($p > 0.05$). Although the interaction coefficient shows a negative direction, the p-value greater than the significance level indicates that government support does not significantly moderate the effect of innovative capabilities on the export performance of MSMEs. This finding indicates that government support is unable to strengthen or weaken the relationship between innovative capabilities and the export performance of MSMEs.

The findings of this study differ from several previous studies which stated that the role of government can strengthen the utilization of MSME innovation capabilities in improving export performance. Taneo et al. (2023) showed that government policy plays a significant role as a moderating variable that strengthens the relationship between product innovation and the competitiveness of food MSMEs through training, access to credit, and marketing facilitation. However, Taneo et al. (2023) also found that government policy does not always have a positive impact on all forms of innovation, especially in the context of process innovation, which actually weakens the relationship with competitiveness. Similar findings were also shown by Moreira et al. (2022), who found that government institutional support in Mozambique was not significant as a moderator,

even showing a negative direction due to bureaucratic constraints, limited resources, and weak mentoring programs.

The results of this study indicate that government support in Malang Regency has not been able to help MSMEs optimize their innovative capabilities to improve export performance, due to the quality of policies, the effectiveness of implementation, and the relevance of programs that are not fully in line with the needs of business actors. The strengthening of MSME innovation is still largely determined by the internal capabilities of the business rather than government intervention. This indicates that the government needs to improve the quality of support that is more targeted and based on the real needs of MSMEs so that innovative capabilities can truly contribute to improving export performance.

VI. CONCLUSION

This study makes an important contribution to understanding the factors that influence the export performance of processed food MSMEs in Malang Regency. The main findings show that entrepreneurial orientation is a key advantage for MSMEs in improving export performance, as it encourages a proactive attitude, risk-taking, and the ability to identify international market opportunities. Conversely, innovative capabilities and government support have not shown a significant role, particularly as moderating factors, indicating a gap between innovation potential and the effectiveness of policy support in SME export practices.

This study has several limitations, including the use of a cross-sectional design that is unable to capture the dynamics of SME behavior changes in the long term, as well as a limited focus on processed food SMEs in one region, meaning that the results cannot be generalized widely. In addition, the measurement of government support is based on the perceptions of business actors, which has the potential to cause subjective bias.

Nevertheless, the results of this study have relevant practical applications. For MSME actors, these findings emphasize the importance of strengthening entrepreneurial orientation as a key strategy for increasing export competitiveness. For local governments, the results of this study indicate the need to evaluate and refine export support programs so that they are more targeted and capable of strengthening the utilization of MSME innovation. In the future, further research is recommended to expand the coverage area, use a longitudinal approach, and add other variables such as networking capability or digital readiness to enrich the understanding of improving MSME export performance.

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